FHA SINGLE FAMILY HOUSING



NEWS

NEWS AND UPDATES

TO: All FHA-Approved HECM Mortgagees, Servicers

CC: Housing Counselors

What's New

HECM Mortgagee Letter Announces New Principal Limit Factors

Today, the Federal Housing Administration (FHA) published Mortgagee Letter 2014-12, *Home Equity Conversion Mortgage (HECM) Program: New Principal Limit Factors*. The Mortgagee Letter announces changes to HECM Principal Limit Factors (PLFs) in the Principal Limit Factor Tables we've posted today on HUD.gov.

As is done periodically, HUD re-evaluated the entire PLF Table for HECM loans. The subsequent revisions announced with today's Mortgagee Letter considered the need for PLFs for non-borrowing spouses below the age of 62 and a prudent re-balancing of PLFs to properly manage risk.

Mortgagee Letter 2014-12 more fully describes circumstances under which mortgagees ensure that mortgagors are given the information they need to make informed choices.

Overall, these HECM policy changes support FHA's mission to expand sustainable mortgage financing options for seniors and create a sustainable HECM program into the future.

Review Mortgagee Letter 2014-12 at:

http://portal.hud.gov/hudportal/HUD?src=/program offices/administration/hudclips/letters/mortgagee

On July 2, 2014, FHA will host a conference call for stakeholders. The call will address the Mortgagee Letter published today, as well as Mortgagee Letters 2014-11, "HECM Fixed Interest Rate Product Changes", and 2014-10, "Prohibition on Misleading Program Descriptions" announced on June 18, 2014. Call details are included at the end of this FHA *Single Family Housing News* e-mail.

Additional Information

The new PLFs are effective for FHA case numbers assigned on or after August 4, 2014. Mortgagees must permit prospective borrowers, who have not yet closed on their mortgages but have FHA case numbers assigned prior to the

effective date of Mortgagee Letter 2014-07, to elect to use the PLFs announced in this ML as long as the new case number is assigned on or after August 4, 2014, and conditions detailed in the Mortgagee Letter are met.

The new PLF Tables are posted on HUD.gov at www.hud.gov/offices/hsg/sfh/hecm/hecmhomelenders.cfm. Please note that FHA's HECM Calculation Software will be updated on or before August 4, 2014.

Conference Call and Submission of Questions

Join senior FHA policy experts for this conference call briefing session. In this session for HECM-approved originators, servicers, housing counselors and other industry participants, FHA will review the contents of Mortgagee Letters 2014-12 ("HECM PLFs"), 2014-11 ("HECM Fixed Interest Rate Product Changes") and 2014-10 ("Prohibition on Misleading Program Descriptions").

Conference Call Title: HECM Program Changes

• **Date:** July 2, 2014

• **Time:** 2 p.m. - 3 p.m., ET

Dial-in Number: (800) 260-0702Participant Access Code: 330433

Operational questions can be addressed on this call by e-mailing them in advance to FHASFCall@hud.gov by 12 p.m., ET, July 1, 2014. Please limit your submissions to two questions. FHA will be unable to respond in writing to individual questions or inquiries submitted to this e-mail box. Please note that this is an unattended e-mail box that will be used only for questions on the content of the Mortgagee Letters referenced above.

We encourage organizations that plan to have multiple attendees to make use of a group conference call line to participate in this session.

Quick Links and Resources

- Review the June 27, 2014 Mortgagee Letter 2014-12 at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee.
- Review the new PLF Tables at http://www.hud.gov/offices/hsg/sfh/hecm/hecmhomelenders.cfm
- Call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at 1-800-877-8339.
- Visit our online resource information at www.hud.gov/answers

RESOURCE INFORMATION		
FHA INFO Archives:	Visit the <u>FHA INFO Archives</u> to access FHA INFO messages issued from 2012 to the present.	
Have FHA Questions?	For FHA technical support, please search the FHA Frequently Asked Questions site or contact the FHA Resource Center by email at: answers@hud.gov or by telephone toll free between 8:00 AM & 8:00 PM ET at: (800) CALLFHA or (800) 225-5342. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.	
Subscribe/Unsubscribe Instructions:	To subscribe to the Single Family FHA INFO mailing list you can use this link: FHA INFO or send a request by email to: answers@hud.gov	

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Resource Links:	Archived Webinars	Foreclosure Assistance	
	Career Opportunities	Grant Opportunities	
	Contracting Opportunities	HUD Home Property Listings	
	Events & Training	<u>HUD.gov</u>	
	FHA Forms	Making Home Affordable	
	FHA Homeownership Centers	Presidentially Declared Disaster	
		<u>Areas</u>	
	FHA Mortgagee Letters	<u>Visit our Homepage</u>	



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